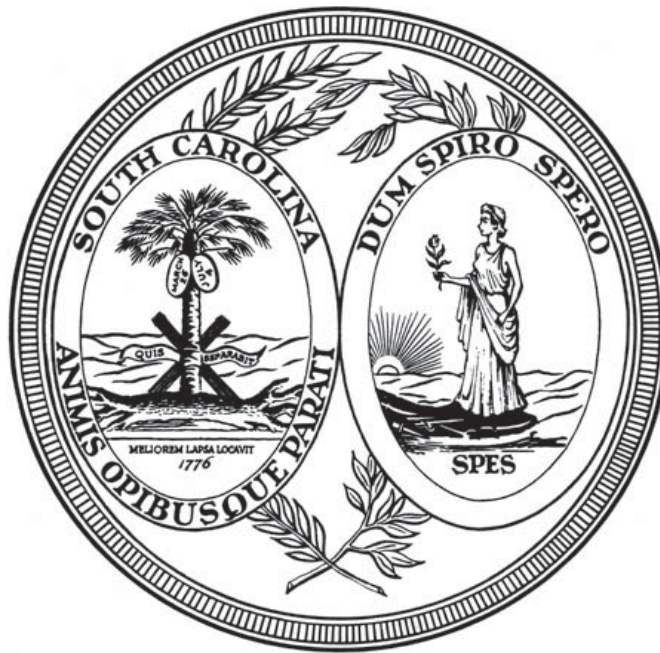


STATE INSURANCE BENEFITS PROGRAM

Local Subdivision Handbook and Application



South Carolina Budget and Control Board
Employee Insurance Program
P.O. Box 11661
Columbia, SC 29211
803-734-0678 ♦ 888-260-9430
www.eip.sc.gov
cs@eip.sc.gov

Welcome

January 2007

Dear Colleague:

Section 1-11-720 of the South Carolina Code of Laws gives specified local governmental organizations the right to participate in the state insurance benefits program. If your organization is an eligible group, the Employee Insurance Program welcomes your interest in our program.

We have developed a benefits package we feel is thorough in meeting an employee's insurance needs. Our office is responsible for the wide variety of tasks related to the benefits program, including product development, determination of coverage, selection and monitoring of contractors, communications, customer service, maintaining the enrollment and billing systems, and financial and statistical analysis.

I can assure you that all operational functions will be performed competently and professionally. We have a strong customer service orientation that includes a comprehensive training curriculum for benefits administrators, and are dedicated to managing the program in accordance with state law and sound insurance business practices. While we work to maintain a program that is attractive and popular with employees, we are cognizant of the limited resources available to government. We believe our rates compare favorably to premiums charged elsewhere for similar coverage, and we are constantly examining ways to make the program even more cost effective.

If you have any questions about the program, please feel free to call me at 803-734-1228, or Jane Britton, Product Development, at 803-734-0498 or visit our Web site at www.eip.sc.gov. Thank you for your interest in the state insurance benefits program.

Sincerely,



Robin E. Tester
Director
Employee Insurance Program



Getting Started

Thank you for your interest in becoming part of the state of South Carolina's insurance benefits program! The Employee Insurance Program (EIP) is responsible for managing the state insurance benefits program. The information in this handbook will help you determine whether your local subdivision is eligible to enroll as a new group in the state insurance benefits program, understand the requirements and conditions for participation, and complete and submit an application to participate.

- A local subdivision or entity is any employer other than a state agency or public school district that has the South Carolina General Assembly's specific approval to participate in the state insurance benefits program. An eligible local subdivision's decision to participate in the state insurance benefits program is entirely voluntary and must be authorized by the appropriate governing board or council. EIP holds quarterly orientation meetings at its offices in Columbia to explain the different programs and participation requirements to local subdivision directors, councils, or committees. Each meeting presents a brief overview of the different programs, billing and premium structures, and participation requirements.
- If, after reviewing the entity eligibility and participation requirements, your local subdivision wishes to enroll in the state insurance benefits program, complete the application on Pages 13-19 and forward it as indicated to EIP no fewer than 90 days prior to the date you wish your coverage to take effect. Your group's effective date of enrollment will be at least 90 days from the date your completed application is received and approved by EIP. **Be sure to make a copy of your application and keep it with this handbook for future reference.** Upon approval of your application, EIP will contact you to discuss the enrollment process for your employees.
- Once your local subdivision is enrolled as a new group, EIP staff in our Columbia office are available to assist in answering your billing and enrollment questions. EIP offers free training for your designated benefits administrator (BA). All BAs are strongly encouraged to attend this training.

EIP is ready to assist you in completing your application or in answering your questions about the state insurance benefits program. Call Mary Coffey at 803-734-2355.

Are You Eligible?

Since 1985, the General Assembly has passed legislation extending voluntary participation in the state insurance benefits program to certain local subdivisions. To be eligible to participate in the state insurance benefits program, a public entity in South Carolina must fall within one of the categories established by statute (Section 1-11-720 of the 1976 S.C. Code of Laws, as amended).

To date, local subdivisions eligible to participate in the state insurance benefits program include:

- alcohol and other drug abuse agencies;
- community action agencies;
- councils on aging;
- counties;
- disabilities and special needs boards;
- municipalities;
- recreation commissions;
- regional tourism promotion commissions;
- regional transportation authorities;
- housing authorities;
- soil and water conservation districts;
- cooperative educational service centers;
- special purpose districts providing gas, water, fire, sewer, recreation or hospital services; and
- certain other organizations specified in the statute.

The enabling legislation also specifies that to be eligible to participate in the state insurance benefits program, a public entity must agree to participate for a minimum of four years and to comply with the program requirements on Pages 10-11 that have been established by the South Carolina Budget and Control Board.

Benefits Programs

The state insurance benefits program offers a variety of plans to active employees, retirees and survivors. The health, dental, basic life and basic long term disability (BLTD) plans are the core benefits the participating local subdivision must provide for each employee by paying a minimum contribution for each plan.

You must offer to all your eligible employees the entire package of available state insurance benefits, and allow individual employees to refuse all or any part of the benefits package. Some of the employee-pays-all plans include Dental Plus, Optional and Dependent Life Insurance, Supplemental Long Term Disability (SLTD), Long Term Care Insurance (LTC) and MoneyPlu\$. Health, dental, Dental Plus and LTC benefits are available to retirees and survivors. The Vision Care Program, which is a discount plan, not insurance coverage, is available to all active employees, retirees, survivors, COBRA participants and their dependents, regardless of coverage under the state insurance benefits program.

State Health Plan

The State Health Plan (SHP) provides extensive medical coverage to eligible employees. The three SHP options, the Savings, Standard and Medicare Supplemental plans, are preferred provider plans. The SHP also provides a preventive benefit called Prevention Partners. This benefit is designed to help you and your family lead healthier lifestyles through disease prevention, early detection of disease, demand management and health promotion. The Savings Plan became available in 2005. Because it is a tax-qualified, high-deductible health plan, eligible subscribers who enroll in the Savings Plan and who have *no other health coverage, including Medicare*, may establish a Health Savings Account, which can be used to pay qualified medical expenses now and in the future.

Health Maintenance Organizations

Two types of health maintenance organizations (HMOs), traditional HMOs and HMOs with a point of service option, are offered in certain areas of the state as alternatives to the SHP. Employees must live or work in an area where an HMO participates to enroll in its plan.

CIGNA HMO and BlueChoice HealthPlan

CIGNA HMO and BlueChoice HealthPlan HMO are the traditional managed care plans offered as alternatives to the SHP. Subscribers choose a primary care physician from a list of network doctors who coordinates their medical care. Traditional HMOs only cover medical services received within their network of providers. CIGNA HMO is available in all South Carolina counties **except** Abbeville, Aiken, Barnwell, Edgefield, Greenwood, McCormick, and Saluda. BlueChoice HealthPlan is available in all South Carolina Counties.

MUSC Options

MUSC Options is an HMO with a point of service plan. It allows subscribers to selectively go to providers outside of the plan's network. If a subscriber chooses to go outside of the network, they will likely have much higher out-of-pocket expenses in the form of deductibles and copayments. MUSC Options is available only in Berkeley, Charleston, Colleton and Dorchester counties.

TRICARE Supplement Plan

The TRICARE Supplement plan is available to active employees, non-Medicare retirees and their eligible dependents who are eligible for TRICARE, the Department of Defense's health insurance program for the military community. The TRICARE Supplement plan is designed to be secondary coverage to the TRICARE Standard and Extra plans, meaning that it pays the cost share, deductible and excess charges under these plans, resulting in 100 percent coverage in most cases.

State Dental Plan

Eligible employees who choose to enroll are covered at no cost to the employee. Employees may cover their dependents for a minimal monthly premium. Individual employees may refuse the health plan and still participate in the dental plan.

Dental Plus

Dental Plus provides a higher level of reimbursement for the dental services covered under the State Dental Plan. You must participate in the State Dental Plan to be eligible to enroll. Subscribers must have the same level of coverage with Dental Plus that they have with the State Dental Plan.

Basic Life, Accidental Death and Dismemberment, and BLTD

The local subdivision pays the entire premium cost for a \$3,000 Basic Life Insurance benefit and BLTD coverage for each active employee.

The Basic Life Insurance benefit provides \$3,000 life insurance coverage to all eligible (active, full-time) employees under age 70 and \$1,500 to eligible employees age 70 and older. The benefit is provided at no charge to employees enrolled in a health plan. Accidental death and dismemberment benefits equal to the employee's amount of Basic Life Insurance will be paid for active employees in the event of either occurrence. Active employees enrolled in a health plan automatically have BLTD coverage provided at no cost to the employee.

If an active employee refuses health coverage, he also will forfeit his Basic Life (\$3,000) and BLTD benefits. He still may enroll, however, in any of the following plans: State Dental Plan, Dental Plus, Dependent Life, Optional Life, LTC, SLTD and MoneyPlu\$.

Flexible Benefits Plan (IRS Code Section 125)

MoneyPlu\$, the state's flexible benefits program, is available under Section 125 of the Internal Revenue Code to employees of state agencies, school districts, and participating local subdivisions. This program allows employees to save money by using pretax dollars to pay their state-offered health, dental and optional life insurance premiums. In addition, employees may establish accounts to pay for dependent day-care and non-reimbursed medical expenses (including deductibles and coinsurance) on a pretax basis.

Employee participation in the flexible benefits program is voluntary. The employer deducts, also pretax, a monthly administrative fee for each feature selected and forwards MoneyPlu\$ contributions and fees to the state's flexible benefits administrator. The current flexible benefits administrator is Fringe Benefits Management Company.

The three MoneyPlu\$ features are:

- **Pretax Group Insurance Premium Feature:** The employer automatically enrolls an employee who pays a health, dental and optional life premium for this feature, although the employee may decline to participate by signing a refusal form. Health, dental and optional life premiums are deducted pretax from the employee's salary.
- **Dependent Care Spending Account:** Allows an employee to set aside up to \$5,000 annually to pay qualified dependent daycare expenses.

- **Medical Spending Account:** Allows an employee who has been employed on a full-time basis for more than one year to set aside up to \$5,000 annually for eligible medical expenses.
- **Health Savings Account:** Allows an eligible employee enrolled in the Savings Plan option to make pretax contributions to a Health Savings Account at the National Bank of South Carolina (NBSC), an affiliate of Synovus Financial Corporation.

Only these state-sanctioned plans can be offered pretax through MoneyPlu\$. If a local subdivision has a qualified cafeteria plan in place at the time of enrollment in the state insurance benefits program, the cafeteria plan must be replaced with the state's MoneyPlu\$ plan. A local subdivision may retain the benefits of the previous cafeteria plan, but premiums and contributions cannot be offered on a pretax basis.

Participation Requirements

All eligible local subdivisions approved to participate in the state insurance benefits program are required to agree and adhere to the *Guidelines for Entities Approved by the General Assembly to Participate in the State of South Carolina Plan of Benefits* on Pages 10-11. The following are some highlights of the entity guidelines document. These brief points will give you an overview of the requirements for participation, but be sure to read this handbook and the entire entity guidelines document carefully.

An eligible local subdivision agrees to:

- **Participate in the state insurance benefits program for at least four years.** A local subdivision participating in the state insurance benefits program for at least four years may elect to leave by notifying EIP 90 days prior to withdrawal from the program. Any local subdivision that withdraws or has its coverage terminated must wait at least four years from its termination date to apply to re-enter the program.
- **Designate a benefits administrator (BA) to handle enrollment, communications, distribution of materials, EIP inquiries and to collect and remit payment for insurance premiums.** This contact person also must reconcile the monthly bill, process all enrollment additions, changes and deletions, forward enrollment information to EIP in a timely manner, and maintain ongoing management of the entity's benefits program. Understanding the many aspects of the state insurance benefits program is an important part of the BA's role. The BA for a new group should contact EIP to enroll in an introductory, one-day class designed just for new BAs. The class is free and is held at the EIP office in Columbia. In addition to insurance benefits training classes, EIP sponsors an annual conference each August that provides opportunities for BAs from across the state to meet, share ideas, and receive updates on benefits plan changes for the coming year.
- **Ensure that all enrolled employees, retirees and their dependents meet the EIP and statutory eligibility requirements for coverage.** Eligibility requirements for coverage, outlined

in the *Insurance Benefits Guide*, are governed by state statute and the *Plan of Benefits* document. The local subdivision must ensure that all employees, retirees and their dependents meet the eligibility guidelines set forth in Section 1-11-730 of the 1976 S.C. Code of Laws, as amended.

Generally, in order to be eligible to enroll in the benefits plans, an employee of a participating local subdivision must be working at least 30 hours a week in a position classified by the local subdivision as permanent and full-time. However, an Employer may exercise a one-time, irrevocable option to elect the definition of Full-Time to mean at least 20 hours per week continuously for more than one year, and to apply this definition, upon notification and acceptance by EIP. Elected members of participating county and city councils whose members participate in the South Carolina Retirement Systems (SCRS) are considered full-time employees for the purposes of the plan. Members of other governing boards are not eligible for coverage under the Program.

At its initial enrollment, the local subdivision must make a good faith effort to inform and notify all eligible retired and terminated employees, as well as surviving dependents of deceased employees and retirees, of their right to participate in the state insurance benefits program. A newspaper advertisement is recommended for this purpose.

Enrollment elections made by the local subdivision's eligible subscribers become effective on the group's initial enrollment date. Any changes to these elections must be made within 31 days of the group's initial enrollment. After that, employees may only add or drop health or dental coverage for themselves or their eligible dependents during an open enrollment period held in October of every odd year (2007) or within 31 days of a special eligibility situation (marriage, birth, adoption or placement, or gain or involuntary loss of other coverage). Only those to whom the gain or loss of coverage applies may add or drop state coverage.

If your local subdivision imposes a waiting period before enrolling a new, probationary employee for benefits, please note that such a waiting period may *not* be imposed under the provisions of the state insurance benefits plan on any new employee otherwise eligible for benefits under the plan. Instead, in the case of a new hire, EIP eligibility rules require that enrollment forms be completed and signed within 31 days of the date of hire. Coverage commences on the first day of the month in which an employee begins active employment in a permanent, full-time position if the employee begins active employment on the first working day of the month. Otherwise, coverage commences on the first day of the following month. The complete text of the eligibility and enrollment provisions appears in Article 3 of the *Plan of Benefits* document.

After its enrollment, the local subdivision must notify employees, retirees and dependents of their rights concerning continued health and dental coverage under COBRA. The local subdivision should review and must adhere to the state's pre-existing condition limitations and waiting periods set forth in the *Plan of Benefits* document and the entity guidelines.

Active Employees	Retirees & Survivors ¹	COBRA Participants
Health Dental Dental Plus LTC Basic Life Optional Life Dependent Life BLTD SLTD MoneyPlu\$ Vision Care Discount Program ² Preventive Worksite Screenings	Health Dental Dental Plus LTC Vision Care Discount Program ² Preventive Worksite Screening (Non-Medicare retirees and survivors only)	Health Dental Dental Plus Vision Care Discount Program ² MoneyPlu\$ ³

¹Some benefits are subject to conversion or portability at retirement.

²The Vision Care Program is a discount plan, not insurance coverage, so enrollment is not necessary.

³The MoneyPlu\$ Medical Spending Account is available, but is not pretax for COBRA participants.

- **Offer its eligible employees the entire package of available state insurance benefits and allow individual employees to refuse all or any part of the benefits package.** All eligible employees must be offered the opportunity to enroll in and select the level of coverage desired in any of the programs provided in the state insurance benefits program. The programs included are represented in the chart on the next page.
- **Contribute, for its active employees, no less than the same percentage the state contributes toward the total premiums for active employees of state agencies and public school districts. This requirement means that the participating local subdivision must contribute at least the base amounts listed below for each eligible *active* employee, based on the tier of coverage the employee selects:**

Employee Only Coverage

Health ²	\$238.64
Dental	11.71
Life	.35
LTD	3.23
Administrative fee	<u>3.00</u>
	\$256.93 ¹

Employee/Children Coverage

Health ²	\$337.00
Dental	11.71
Life	.35
LTD	3.23
Administrative fee	<u>3.00</u>
	\$355.29 ¹

Employee/Spouse Coverage

Health ²	\$467.46
Dental	11.71
Life	.35
LTD	3.23
Administrative fee	<u>3.00</u>
	\$485.75 ¹

Full Family Coverage

Health ²	\$546.22
Dental	11.71
Life	.35
LTD	3.23
Administrative fee	<u>3.00</u>
	\$564.51 ¹

¹These rates are in force through December 2007. They are subject to change in subsequent plan years.

²Required contribution for health insurance premiums may be greater due to experience rating.

Local subdivisions covered under EIP are subject to experience rating of health insurance premiums. These groups are separated into three categories for experience rating of health premiums: Small groups, with fewer than 100 covered lives; medium groups, with 100 to 500 covered lives; and large groups, with more than 500 covered lives. When new optional employer groups enroll in the State Health Insurance Program, their health premiums are rated according to the average claims experience of other entities in their category. The rate, or load factor assigned, remains in effect until they have incurred enough claims to be rated using the same formula as other groups in their category. EIP calculates the experience rating of all local subdivisions annually.

The employer may not pass along any portion of the required minimum employer contribution to an employee, nor can it prohibit employees from selecting among the categories available.

For example, an employer cannot mandate that it will pay for coverage for the employee only and require the employee to pay the remaining employer portion for full family coverage. A local subdivision may elect to contribute *more* than the minimum required amounts, which include the experience rate for health premiums. The active employee premiums for health and dental coverage listed in the *2007 Insurance Benefits Guide* are based on the employer making the minimum contributions shown above. If your local subdivision wants to make additional contributions, you must develop your own employee premium tables by deducting the additional contribution from the premiums in the *2007 Insurance Benefits Guide* to reflect the lower amount payable by your employees.

The local subdivision's required contributions provide dental, basic life and long term disability coverage at no cost to the employee. If the employee wishes to obtain dental coverage for eligible dependents, the employee pays the additional amount listed in the active employee rate table in the *2007 Insurance Benefits Guide* for dependent coverage. For health insurance, the employee may choose the SHP Savings or Standard plan, or an HMO. The employee then pays the additional premium listed in the *2007 Insurance Benefits Guide*.

Eligible *retired* employees may elect health and dental coverage. The state contributes the same amount of premium toward retiree health and dental coverage as it does for its active employees. A participating local subdivision, however, has the option to choose the amount of premium, if any, it wishes to contribute toward health and dental coverage for its eligible retirees.

While the \$3 administrative fee cannot be passed on to active employees, a local subdivision may require retirees, survivors or COBRA participants to pay this fee. You must adjust the retiree premiums in the *2007 Insurance Benefits Guide* using your local subdivision's contribution (if different from the state's) toward health and dental coverage for your eligible retirees.

The Bottom Line

- **Remit payment to EIP by the 10th of each month for both employer and employee contributions for active employees, retirees, survivors and COBRA participants.** Prompt payment of premiums is essential in order to meet state-established financial requirements. The local subdivision is responsible for collecting and paying EIP for the premiums of its active employees, retirees, survivors, COBRA participants and dependents. EIP bills the local subdivision on or before the 1st of the month for both employer and employee contributions for enrollees.
- **EIP sends billings and financial reports electronically to entities with access to e-mail.** All billings and financial reports will be sent to the e-mail address included on your application. No hard (paper) copies will be sent. All procedural guidelines apply, regardless of the billing method used.
- **Payment is due, as billed, by the 10th of the month, regardless of whether the local subdivision has collected the contributions of enrollees.** If your bill is incorrect, go ahead and pay the bill and request corrections as needed. Any debits or credits will appear on your next billing statement. If the local subdivision is delinquent in remitting proper payment to EIP, EIP has the authority to initiate the withholding of the delinquent payment from state funds due the local subdivision. In addition, EIP reserves the right to cancel coverage for nonpayment of premiums or noncompliance with entity participation requirements upon 30 days' notice to a local subdivision. EIP is responsible for ensuring local subdivision compliance with the participation requirements, and reserves the right to audit the local subdivision's books and records as they pertain to participation in the state insurance benefits program. The local subdivision shall make such books and records available to EIP without charge upon one week's notice by EIP.
- **Remit a deposit of one month's advance billing to EIP annually by July 15th.** The advance billing includes the total employer contributions for health, dental, life and BLTD for active employees, as determined by the EIP enrollment files for July.

**SOUTH CAROLINA BUDGET AND CONTROL BOARD
EMPLOYEE INSURANCE PROGRAM**

**GUIDELINES
FOR
PARTICIPATION OF ENTITIES APPROVED BY THE GENERAL ASSEMBLY
TO PARTICIPATE IN THE
STATE OF SOUTH CAROLINA PLAN OF BENEFITS**

I. DEFINITION OF AN ENTITY

An entity is defined as any employer other than a state agency or public school district that has specific approval by the South Carolina General Assembly to participate in the state's Plan of Benefits.

II. PURPOSE OF THESE REQUIREMENTS

The purpose is to establish the requirements for the participation in the state's Plan of Benefits by entities and their employees and shall govern the relationship between the respective entities who enroll and the South Carolina Budget and Control Board by and through its Employee Insurance Program (EIP). These requirements will remain in effect until altered or rescinded by subsequent act of the South Carolina State Budget and Control Board.

III. ADMINISTRATION

1. The Employee Insurance Program (EIP) shall determine the programs available to participating entities. EIP acts as an insurer for entities participating in the state's Plan of Benefits and not as a third party claims processor.
2. The South Carolina Budget and Control Board has authorized EIP to implement, interpret and apply these requirements with regard to the matters pertaining hereto.
3. The state's Plan of Benefits shall be defined to include the State Health Plan and health maintenance organization (HMO) plans, State Dental Plan, Dental Plus, Optional and Dependent Life Insurance, Basic Life Insurance, Basic Long Term Disability, Supplemental Long Term Disability and Long Term Care Insurance, together with such other insurance coverage and benefit plans as, from time to time, may be extended to entities as determined appropriate by EIP. The state plans are hereby made applicable to employees of entities through these requirements as if incorporated herein verbatim, and may be changed by EIP from time to time without separate revisions to these requirements.
4. EIP will establish an entity benefit package made up of some or all of the state's benefit plans and the entity must offer to its employees the entire package of state plan benefits. Individual entity employees may reject all or any part of the entity benefit package. The entity and its employees agree to adhere to the terms and conditions for participation in the state's Plan of Benefits. The benefits offered to employees of entities shall be the same as those offered to employees of state agencies and public school districts.
5. All employers classified as an entity by definition in these guidelines shall be grouped according to the number of insureds for premium rating purposes. EIP may adjust the premiums based upon the services provided and the claims experience of employers as defined herein, during the coverage period. The coverage period will coincide with the calendar year of the state plan.
6. EIP shall initially charge premiums to the entity based on the average claims experience of other entities in the same category. These rates will remain in effect until the new entity has incurred enough claims to be rated according to the formula used for other entities in the same category. In addition to the premium charge, an administrative fee of not less than \$3.00 per employee, retiree, survivor and COBRA participant per month will be charged by EIP to alcohol and drug abuse planning agencies, community action agencies, councils on aging, county governments, disabilities and special needs boards, hospital districts, municipalities, recreation districts and special purpose districts.
7. EIP shall determine the eligibility requirements for active and retired employees of entities to participate in the state's Plan of Benefits. All of the terms and conditions of the various state plans that are applied to active and retired employees of state agencies and public school districts to determine eligibility shall also be applied to determine the eligibility of active and retired employees of entities who participate in the state's Plan of Benefits, including any exclusions and/or limitations on coverage.
8. Pre-existing conditions and limitations apply to all new entrants into the State Health Plan or an HMO during the initial entry of an entity into the state's Plan of Benefits. A 12-month waiting period will be imposed for any medical condition, regardless of the cause, for which medical advice, diagnosis, care or treatment was recommended or received by a licensed health care provider or practitioner in the six months preceding the covered person's enrollment date. Benefits for a pre-existing condition are payable only for treatment rendered 12 months after the enrollment date or 18 months after the enrollment date for late entrants. An enrollee's previous health insurance coverage will be credited toward the pre-existing condition exclusion period as long as the enrollee has maintained continuous coverage without a break of more than 62 days. Upon enrollment for health coverage, anyone determined to be subject to a pre-existing condition will be notified of the date on which the pre-existing condition will end. Pregnancy is not considered a pre-existing condition. Newborns and adopted children who are covered within 31 days of birth, adoption or placement are not subject to the 12-month waiting period.
 - 8.1 Should a currently insured entity subscriber be confined in a hospital on the date of transition from the existing group health plan to the State Health Plan or an HMO, the existing group health plan will continue to be liable for claim payment until the insured patient is discharged. Hospital charges for the patient will remain the liability of the losing group health plan until patient discharge; however, physician charges will be assumed by the State Health Plan or an HMO as of the effective date of coverage transfer.

EIP shall waive the pre-existing conditions and limitations provisions that apply to new entrants into the state Long Term Disability (LTD) plan, provided the enrolling employees are insured by a comparable group long-term disability plan that is in force on the date the state plan replaces the existing coverage for group LTD. If a comparable plan is not in force on the date of replacement by the state's Plan of Benefits, pre-existing conditions and limitations will apply to all enrolling employees. EIP shall review the group LTD plan being replaced to evaluate comparability for the purposes of providing the no loss, no gain replacement waiver of pre-existing conditions and limitations.

9. EIP shall establish a process for enrolling employees of entities both initially and thereafter and the entities agree to comply with the requirements of this process. The enrollment process will consist of orientation, enrollment forms, training for entity liaisons and contact persons and such other components as EIP shall from time to time establish.

IV. CONDITIONS FOR ENTITY PARTICIPATION IN THE STATE'S PLAN OF BENEFITS

1. The entity shall apply to EIP (at least 90 days before coverage is desired) on an application form provided by EIP, which shall include but not necessarily be limited to, providing the following information:
 - a) a list by name of current active employees and number of dependents;
 - b) a list by name of retired employees and number of dependents if available;
 - c) a copy of all benefit plans currently offered to the entity's employees;
 - d) the premiums currently in effect and amount of contribution by the entity;
 - e) the effective dates of all benefit plans;
 - f) designation of entity liaison/contact person;
 - g) copy of minutes or letter from governing body with approval;
 - h) an enrollment service deposit of \$500; and
 - i) all other information requested by EIP.
2. The entity is responsible for notifying EIP of any change in the status of its employees that affects coverage under each of the state plans offered to the entity. Determinations regarding such matters as coverage, eligibility, and/or limitations are made on the basis of information supplied by the entities. EIP shall not be responsible for any delays, errors, or omissions due to the failure of an entity or its employees to supply such information.
3. The entity shall determine the contribution of the entity and each entity employee for each state plan offered to its active and retired employees, provided that the contributions of the entity for its active employees shall not be less than the percentage the state contributes toward the premiums for active employees of state agencies and public school districts. The level of premium contribution by the entity, if any, to eligible retirees shall be at the discretion of the entity unless otherwise provided by law. EIP shall bill the entity for the premiums of active and retired employees, survivor and COBRA participants in accordance with normal billing procedures. EIP reserves the right to cancel coverage for nonpayment, upon 30 days notice to the entity.
4. The entity agrees and understands that the state plans have waiting periods and pre-existing condition limitations that affect coverage, and that such waiting periods and pre-existing limitations will be applied to each employee and eligible dependent entering into the state's Plan of Benefits. (See also the provisions set forth in paragraph *III. 8.* of this document regarding initial entry of an entity.)
5. EIP shall determine the date of entry into the state's Plan of Benefits which shall be 90 days after a completed application is received by EIP or as soon as administratively possible, and taking into consideration the state's plan year.
6. a) The entity electing to participate in the state's Plan of Benefits must do so for at least four years. Thereafter, the entity may elect to leave the state's Plan of Benefits but must give 90 days notice of the decision to opt out. EIP shall determine the effective date of the termination of coverage which may be no later than the last day of the state plan year. An entity which participated in the state's Plan of Benefits and opted out may not apply to re-enter for four years from the date it left the state's Plan of Benefits.
b) EIP assumes no responsibility for any claims arising out of or after the termination of the entity's participation in the state's Plan of Benefits, except as may be provided for in the Plan. After withdrawal the entity shall remain liable for all claims and be responsible for continuing to provide benefits payments, including long term disability, to its employees who became eligible to receive such benefits, coverage and payments prior to the entity's withdrawal.
7. The decision to participate or not participate in the state's Plan of Benefits or to leave the state's Plan of Benefits is solely the decision of each entity made after its independent review of all relevant materials. EIP will provide information on the state's Plan of Benefits. Each entity shall fully acquaint itself with the terms and conditions of the state's Plan of Benefits, and the difference, if any, between its current insurance coverage and the state's Plan of Benefits. Neither the South Carolina Budget and Control Board nor EIP is responsible for any matter arising out of the failure or omission of an entity or its employees to be fully aware of the terms and conditions of the state's Plan of Benefits.
8. The entity is responsible for ensuring that its employees are adequately informed about the terms and conditions of the state's Plan of Benefits, and in particular, the differences, if any, between the existing insurance plan of the entity and the state's Plan of Benefits and any limitations and exclusions under the state's Plan of Benefits. Please note that the state's Plan of Benefits has limitations on coverages for pre-existing conditions and exclusions.

V. EMPLOYEE ELIGIBILITY AND PARTICIPATION

Determination of employee and dependent eligibility shall be the responsibility of the entity based on the eligibility requirements set forth by EIP in the state's Plan of Benefits. The eligibility requirements in order to participate are set forth in the *Insurance Benefits Guide* describing each plan.

VI. ENROLLMENT PROCESS

Annual enrollment periods for employee and retiree participation will be determined at the discretion of EIP.

Application Directions & Checklist

Check each item after you have completed it on the application. Your application cannot be approved or processed until EIP receives all of the requested information. To ensure your requested effective date, you must submit all of the following requested information.

- ☐ 1. Complete the following:
 - ☐ Name, address, telephone number, e-mail address and fax number of the local subdivision
- ☐ 2. Local subdivision's eligibility category
- ☐ 3. Federal tax identification number
- ☐ 4. SCRS group number (if applicable)
- ☐ 5. Desired effective date of coverage (should be at least 90 days from application date)
- ☐ 6. Name, title, address and telephone number of:
 - ☐ (1) the contact person for benefits administration
 - ☐ (2) the contact person responsible for receiving and processing the billing
 - ☐ (3) the contact person completing this application
 - ☐ (4) the director of the local subdivision
- ☐ 7. County or counties in which your employees work
- ☐ 8. Total number of employees
- ☐ 9. Number of insured persons you have in the following categories:
 - ☐ Active employees covered by current plan ☐ Dependents of active employees
 - ☐ Retired employees covered by current plan ☐ Dependents of retired employees
 - ☐ Former employees on COBRA ☐ Dependents on COBRA
 - ☐ Survivors of deceased employees

Note: In order for your application to be considered complete, you must include the number of lives currently covered (subscribers and dependents) a minimum of 15 days before your desired effective date.

- ☐ 10. Information on existing benefits plans
 - ☐ Name and address of each carrier
 - ☐ Contract dates for each plan
 - ☐ Number of employees participating in each plan
 - ☐ Copy of benefits description for each carrier
 - ☐ Cafeteria plan of benefits
- ☐ 11. Roster of active employees covered by current plan
- ☐ 12. Roster of retired employees covered by current plan
- ☐ 13. Completed summary of benefits forms for existing programs:
 - ☐ Health ☐ Copy of current benefits booklet
 - ☐ HMO ☐ Copy of current benefits booklet for each HMO
 - ☐ Dental ☐ Copy of current benefits booklet
 - ☐ Life ☐ Copy of current benefits booklet
 - ☐ Long Term Disability ☐ Copy of current benefits booklet
 - ☐ Long Term Care ☐ Copy of current benefits booklet
 - ☐ Flexible benefits ☐ Copy of current benefits booklet
- ☐ 14. Agreement signed by authorized person
- ☐ 15. Copy of minutes or letter from governing body with approval
- ☐ 16. \$500 enrollment services deposit

LOCAL SUBDIVISION ENTITY INFORMATION FORM

Entered by: _____ Date: _____

I. ENTITY INFORMATION *Please provide all information relative to your organization.*

_____ Entity Name _____		_____ # Full-Time, Permanent Employees _____	
_____ Street Address _____		_____ City _____	_____ State _____ ZIP _____
_____ Mailing Address (P.O. Box) _____		_____ City _____	_____ State _____ ZIP _____
Federal Employer ID Number _____		SCRS Group Number (if applicable) _____	
Desired Effective Date _____		Person Completing Application _____	

ELIGIBILITY CATEGORY (pursuant to S.C. Code Ann. § 1-11-720, as amended):

<input type="checkbox"/> County	<input type="checkbox"/> Regional tourism commission	<input type="checkbox"/> Soil and water conservation district
<input type="checkbox"/> Municipality	<input type="checkbox"/> Regional council of government	<input type="checkbox"/> Special purpose (check all that apply):
<input type="checkbox"/> County disabilities and special needs board	<input type="checkbox"/> Regional transportation authority	_____ Gas _____ Water _____ Sewer
<input type="checkbox"/> County alcohol and other drug abuse agency	<input type="checkbox"/> Community action agency	_____ Recreation _____ Hospital services
<input type="checkbox"/> County council on aging	<input type="checkbox"/> Housing authority	_____ Fire _____ Other: _____

II. ENTITY DIRECTOR *Please provide all information relative to your organization.*

Ms. _____
 Mrs. _____
 Mr. _____ First Name _____ MI _____ Last Name _____ Suffix _____ Nickname _____

SSN _____ Phone: (_____) _____ Ext. _____ Fax: (_____) _____

_____ Street Address _____ City _____ State _____ ZIP _____

_____ Mailing Address (P.O. Box) _____ City _____ State _____ ZIP _____

E-mail: _____ Do you have Internet access? _____ Yes _____ No

III. PERSONNEL DIRECTOR *Please provide all information relative to your organization.*

Ms. _____
 Mrs. _____
 Mr. _____ First Name _____ MI _____ Last Name _____ Suffix _____ Nickname _____

SSN _____ Phone: (_____) _____ Ext. _____ Fax: (_____) _____

_____ Street Address _____ City _____ State _____ ZIP _____

_____ Mailing Address (P.O. Box) _____ City _____ State _____ ZIP _____

E-mail: _____ Do you have Internet access? _____ Yes _____ No

IV. BENEFITS SUPERVISOR *(If different from above)* *Please provide all information relative to your organization.*

Ms. _____
 Mrs. _____
 Mr. _____ First Name _____ MI _____ Last Name _____ Suffix _____ Nickname _____

SSN _____ Phone: (_____) _____ Ext. _____ Fax: (_____) _____

_____ Street Address _____ City _____ State _____ ZIP _____

_____ Mailing Address (P.O. Box) _____ City _____ State _____ ZIP _____

E-mail: _____ Do you have Internet access? _____ Yes _____ No

V. BENEFITS ADMINISTRATOR

*Note: All supplies and communications will be shipped to the benefits administrator listed on this form. ***It is the sole responsibility of the benefits administrator to distribute EIP information to employees, appropriate staff and personnel.***

_____ # posters needed

Ms. _____
Mrs. _____
Mr. _____ First Name _____ MI _____ Last Name _____ Suffix _____ Nickname _____

SSN _____ Phone: (_____) _____ Ext. _____ Fax: (_____) _____

_____ Street Address _____ City _____ State _____ ZIP _____

_____ Mailing Address (P.O. Box) _____ City _____ State _____ ZIP _____

E-mail: _____ Do you have Internet access? _____ Yes _____ No

VI. EMPLOYEE INFORMATION

County or counties in which your employees work:

Number of insured persons in each of the following categories: _____ Active employees covered by current plan
_____ Retired employees covered by current plan _____ Survivors of deceased employees _____ Dependents of retired employees
_____ Former employees on COBRA _____ Dependents of active employees _____ Dependents on COBRA

VII. EXISTING BENEFITS PROGRAMS

(Submit copy of current benefits booklets)

HEALTH INSURANCE ☐ Insured ☐ Self-insured ☐ Not offered

Name of carrier(s):

Address:

Contract period: _____ # participating employees: _____

HEALTH MAINTENANCE ORGANIZATIONS ☐ Insured ☐ Self-insured ☐ Not offered

Name of carrier(s):

HMO/PPO name:

Address:

Contract period: _____ # participating employees: _____

DENTAL INSURANCE ☐ Insured ☐ Self-insured ☐ Not offered

Name of carrier:

Address:

Contract period: _____ # participating employees: _____

BASIC GROUP LIFE INSURANCE ☐ Insured ☐ Self-insured ☐ Not offered

Name of carrier:

Address:

Contract period: _____ # participating employees: _____

DEPENDENT LIFE ☐ Insured ☐ Self-insured ☐ Not offered

Name of carrier:

Address:

Contract period: _____ # participating employees: _____

LONG TERM DISABILITY ☐ Insured ☐ Self-insured ☐ Not offered

Name of carrier:

Address:

Contract period: _____ # participating employees: _____

LONG TERM CARE ☐ Insured ☐ Self-insured ☐ Not offered

Name of carrier:

Address:

Contract period: _____ # participating employees: _____

EMPLOYEE ASSISTANCE PROGRAM (financial, personal and family counseling resource)

Name of provider:

Address:

Contract period:

FLEXIBLE BENEFITS PROGRAM

Name of administrator:

Address:

Contract period:

Premium Comparison Work Sheet

Below are two sample work sheets for rate comparison purposes. Attach a roster of all currently enrolled active and retired employees covered by your current plans, providing (1) the name of each individual, (2) type of coverage: subscriber (S), subscriber/spouse (S/S), subscriber/children (S/C) or full family (FF), (3) premium the local subdivision contributes for this coverage, and (4) premium the local subdivision would contribute for the same coverage through the state insurance benefits program. Once all enrollees are listed, calculate a grand total for each appropriate column.

Active Employees

Name of Employee	Class	Health		Dental		Life		LTD		Fee
		3	4	5	6	7	8	9	10	
1	2	3	4	5	6	7	8	9	10	11
Examples 1-4:	S, S/S, S/C, FF	Current Premium	2007 State Premium	Current Premium	2007 State Premium	Current Premium	2007 State Premium	Current Premium	2007 State Premium	2007 State Admin.
1. Les Fat-Diet	S	\$ 221.58	\$ 238.64	\$0	\$ 11.71	\$0	\$.35	\$0	\$ 3.23	\$ 3.00
2. Jeffrey Jogger	S/S	\$ 431.60	\$ 467.46	\$0	\$ 11.71	\$0	\$.35	\$0	\$ 3.23	\$ 3.00
3. Sam Swimmer	S/C	\$ 312.60	\$ 337.00	\$0	\$ 11.71	\$0	\$.35	\$0	\$ 3.23	\$ 3.00
4. Lily Petite	FF	\$ 503.46	\$ 546.22	\$0	\$ 11.71	\$0	\$.35	\$0	\$ 3.23	\$ 3.00
Subtotal/Total		\$1,469.24	\$1,589.32	\$0	\$46.84	\$0	\$1.40	\$0	\$12.92	\$12.00

Retired Employees

Name of Retiree	Class	Health		Dental		Fee
		3	4	5	6	
1	2	3	4	5	6	7
Examples 1-4:	S, S/S, S/C, FF	Current Premium	2007 State Premium	Current Premium	2007 State Premium	2007 State Admin.
1. Iam Strong	S	\$ 221.58	\$ 238.64	\$0	\$ 11.71	\$ 3.00
2. Bea Goode	S/S	\$ 431.60	\$ 467.46	\$0	\$ 11.71	\$ 3.00
3. Lavine Wright	S/C	\$ 312.60	\$ 337.00	\$0	\$ 11.71	\$ 3.00
4. Iran Fast	FF	\$ 503.46	\$ 546.22	\$0	\$ 11.71	\$ 3.00
Subtotal/Total		\$1,469.24	\$1,589.32	\$0	\$46.84	\$12.00

Summary and Comparison of Benefits for Active Employees

The information provided in these tables is for comparison purposes only. For health insurance, active employees may choose between the SHP Economy or Standard plan, or may select an HMO if one is available in their area. Refer to the *2007 Insurance Benefits Guide* for HMO service areas and benefits summaries.

HEALTH INSURANCE				
Benefits	SHP Savings ¹		SHP Standard ¹	
Maximum lifetime benefits	\$1,000,000		\$1,000,000	
Deductible	\$3,000 individual \$6,000 family		\$350 individual \$700 family	
Comprehensive plan coinsurance				
In network	80%		80%	
Out of network	60%		60%	
Inpatient hospital care ²	No per-occurrence deductibles or copayments		\$125 ²	
Hospital deductible (emergency room)				
	<u>In-network</u>	<u>Out-of-network</u>	<u>In-network</u>	<u>Out-of-network</u>
Room and misc. services	80%	60%	80%	60%
Intensive care	80%	60%	80%	60%
Outpatient Care				
Deductible	None		\$75 ³	
Emergency room for accidents	80%		80%	
Diagnostic X-ray & lab	80%		80%	
Outpatient surgery	80%		80%	
Physical therapy	80%		80%	
Medical (physician) care	80%		80%	
Per visit deductible	None		\$10	
Prescription Drugs (copayments for up to a 31-day supply)	Participating pharmacies only: Savings Plan subscribers pay the State Health Plan's allowable cost until the annual deductible is met. Afterward, the plan will reimburse 80% of the allowable cost; subscribers pay 20%. When coinsurance maximum is reached, the Plan will reimburse 100% of the allowable cost.		Participating pharmacies only: \$10 generic \$25 preferred brand name \$40 non-referred brand name \$2,500 copayment maximum per person No deductible	
Mail order prescription drugs (copayments for up to a 90-day supply)	Same as above		Participating mail order pharmacies only: \$25 generic \$62 preferred brand name \$100 non-preferred brand name	
Mental health/substance abuse*	Subject to same deductibles, coinsurance and out-of-pocket maximum as medical claims Note: Pre-authorization required		Subject to same deductibles, coinsurance and out-of-pocket maximum as medical claims Note: Pre-authorization required	

¹The Medicare Supplemental plan is available to retirees who are entitled to Medicare.

²A \$200 penalty is imposed if the employee does not contact the utilization review agency to obtain precertification.

³Waived for dialysis, routine mammograms, routine pap smears, clinic visits, emergency room visits, oncology, electroconvulsive therapy, psychiatric medication management and physical therapy visits.

*No benefits are payable for Mental health/substance abuse services received from an out-of-network provider.

HEALTH INSURANCE (Continued)			
Benefits	SHP Savings ¹	SHP Standard ¹	Current Plan
Pre-existing condition limitation	12 months/18months for late entrants	12 months/18 months for late entrants	
Survivor waiver of premium	Yes	Yes	
Survivor benefits for continued coverage	Yes	Yes	

STATE DENTAL PLAN			
Benefits	State Coverage ¹	Current Plan	
Class I: Diagnostic procedures Preventive procedures Cleaning and scaling of teeth Fluoride treatment Emergency pain relief X-rays	100%		
Class II: Fillings Simple extractions Oral surgery Surgical extractions	80%		
Class III: Inlays Onlays Crowns Bridges Dentures	50%		
Class IV: Orthodontic lifetime maximum benefit Orthodontic age limit	50% \$1,000 19 years		
Dental Deductible: Individual Family	\$25 \$75		
Class(es) to which deductible applies	II, III		
Annual maximum benefit per insured person	\$1,000		
Pre-existing condition limitation	None		

¹Benefits are based on a fee schedule that is available from EIP.

DENTAL PLUS

Provides a higher level of reimbursement for the same dental services covered under the State Dental Plan (except orthodontia), and an annual maximum of \$1,500 per insured person.

BASIC LONG TERM DISABILITY (BLTD)		
Benefits	State Plan	Current Plan
Elimination period	90 days	
Percentage of salary replaced	62.5% of your eligible predisability earnings ¹	
Maximum monthly benefit	\$800	
Maximum benefit period	To age 65 if you become disabled before age 62 ²	
Offsets used	Social Security, retirement, workers' compensation	
Definitions of "total disability" used	(1) <i>Own Occupation Disability</i> – Employee is unable to perform, with reasonable continuity, the material duties of his own occupation during the benefit waiting period and the first 24 months BLTD benefits are paid. (2) <i>Any Occupation Disability</i> – Employee is unable to perform, with reasonable continuity, the material duties of any occupation for which his education, training or experience may qualify him. The <i>any occupation</i> period begins at the end of the <i>own occupation</i> period and continues to the end of the maximum benefit period.	
Monthly premium	\$3.23 ³	

¹BLTD benefits are subject to federal and state income taxes. Employees should check with their accountant or tax advisor regarding their tax liability.

²An age-graded benefit reduction schedule is provided for disabilities beginning at age 62 and older. The maximum benefit period for age 69 and older is one year.

³Local subdivision pays \$3.23 per month for each employee to receive BLTD. An employee has the option to purchase additional coverage at his own expense through the SLTD program.

BASIC LIFE INSURANCE		
Benefits	State Plan	Current Plan
Basic life insurance benefit amount	\$3,000	
Accidental death benefit	\$3,000	
Accidental dismemberment benefit:		
Amount for the loss of one limb	\$1,500	
Amount for the loss of two limbs	\$3,000	
Type of insurance (term, permanent, combination)	Term	
Monthly premium	\$0.35 ¹	

¹Local subdivision pays \$0.35 per month for each employee to receive \$3,000 of group Basic Life coverage. An employee has the option to purchase additional coverage at his own expense through the Optional Life Insurance Program. Coverage and premiums are based on the employee's age and salary. The local subdivision may retain its life insurance coverage in addition to the state's provided the premium payment for this group life insurance is paid with after-tax dollars. You may want to contact your current carrier if you desire this option.

AGREEMENT TO PARTICIPATE IN THE STATE OF SOUTH CAROLINA PLAN OF BENEFITS

_____ (ENTITY NAME), AUTHORIZED TO PARTICIPATE IN THE
STATE INSURANCE BENEFITS PROGRAM, CERTIFIES THAT IT:

1. has read, understands and agrees to abide by the state's conditions of participation contained in the entity guidelines;
2. has furnished enrollment information that is true, accurate and complete to the best of its knowledge;
3. agrees to report any change affecting enrollment;
4. agrees to contribute no less than the following premium amounts for each active, permanent, full-time employee who enrolls in the state insurance benefits program based on the coverage level the employee selects:

Employee Only Coverage

Health ²	\$238.64
Dental	11.71
Life	.35
LTD	3.23
Administrative fee	<u>3.00</u>
	\$256.93¹

Employee/Children Coverage

Health ²	\$337.00
Dental	11.71
Life	.35
LTD	3.23
Administrative fee	<u>3.00</u>
	\$355.29¹

Employee/Spouse Coverage

Health ²	\$467.46
Dental	11.71
Life	.35
LTD	<u>3.23</u>
Administrative fee	<u>3.00</u>
	\$485.75¹

Full Family Coverage

Health ²	\$546.22
Dental	11.71
Life	.35
LTD	<u>3.23</u>
Administrative fee	<u>3.00</u>
	\$564.51¹

¹These rates are in force through December 2007. They are subject to change in subsequent plan years.

²These amounts may be higher for your group due to experience rating. The above listed health premiums are a base rate that will be multiplied by your experience rated load factor. See page 8 for details on how these load factors are determined.

5. agrees to participate in the state insurance program for a minimum of four years; and
6. has attached the document from its governing board authorizing its participation in the state insurance benefits program.

ENTITY NAME: _____

BY: _____

TITLE: _____

DATE: _____

Keep a signed copy of this document for your records. Forward this completed application, along with copies of your current benefits booklets and a copy of the minutes of your governing board's authorization to participate, to:

Mary Coffey
Employee Insurance Program
P.O. Box 11661
Columbia, SC 29211
PHONE: 803-734-2355 / FAX: 803-737-0557

OR.

• • • **If your local subdivision is a disabilities and special needs board,** you are required to submit this application through the S.C. Department of Disabilities and Special Needs for budget review prior to submission to the Employee Insurance Program. Please forward this application to:

Wayne Blanton, Director of Personnel
Department of Disabilities and
Special Needs
P.O. Box 4706
Columbia, SC 29240
PHONE: 803-898-9612

Your signed application must be accompanied by an **enrollment services deposit** of \$500. Make the check payable to S.C. Employee Insurance Program. This amount will be credited to your bill upon entry into the program; however, it will be forfeited if you elect not to participate after your signed application has been approved.



South Carolina Budget and Control Board
Employee Insurance Program
P.O. Box 11661
Columbia, SC 29211
803-734-0678 ♦ 888-260-9430
www.eip.sc.gov ♦ cs@eip.sc.gov